



CALPEEK

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DAVIS RECALL PETITIONS NOW ON THE STREET. IF RECALL QUALIFIES, WILL U.S. SEN. FEINSTEIN RUN?

Editor's note: As noted last week, this Davis Recall story has a new development every 48-72 hours. The lead recall committee, U.S. Rep. Darrell Issa's Rescue Calif., is now on the street, having finally secured the services of a petition manager. And Issa has given his committee \$100,000. Here's our analysis & commentary...

...On May 9th Issa handed over a \$100,000 check to the Rescue Calif. committee, but sources say that's just a down payment. To do what the committee has planned will take at least another \$1.7 - \$2 million. Various sources aren't sure Issa will be able to raise that kind of money and may have to contribute more of his own. One potential source of big money: from GOP members of the Calif. congressional delegation. One thing is certain: big bucks from the Republican business community is still largely MIA and our sources don't think the Calif. captains of industry want much to do with the recall...

...In the works is a mass mailing of 1-2 million petitions, as well as the street drive to collect 800,000 to 1 million names. Committee sources say they have a budget of \$1.6 million. Rescue Calif. sources say the committee will test 2-3 different versions of a Davis recall pitch letter with petition before going to a full run of 1-2 million...

...As for the street drive, it's being managed by Tom Bater, now living in Orange Co. Bater was active in Calif. GOP politics back in the 1970s and 80s. For a while he worked with Mike & Bill Arno, two of the better known Calif. petition managers, but left Calif. in the mid 1980s. So he really hasn't worked a petition drive in Calif. for a long time. Bater's name was first mentioned by Peoples Advocate honcho Ted Costa - one of the other recall committee leaders. Costa and Bater go back together when the late Paul Gann was a Bater client. The rumor mill says Rescue Calif. has given Bater \$500,000 - but committee sources say that hasn't happened just yet. The ground effort could cost \$1.2 million. Cost per signature in today's market runs about \$1.25 per to \$1.75. That's very costly...

...FYI: assuming that the recall were to qualify, and some think if the money is there it will, would U.S. Sen. Dianne Feinstein(D) run as the consensus Demo? The Sacto BEE's political columnist Dan Weintraub first floated this idea in a recent column. Sources close to DiFi say she's not actively looking at running. In fact, our sources say DiFi hates recalls - remember she was a recall target when she was mayor of S.F. However, if the recall against Gov. Gray Davis were to qualify, and the pressure from Demos begins to build, then it's likely she'd talk to Calif. Demo Party leaders. If she were persuaded to run, all sorts of deals would have to be cut with AG Bill Lockyer, Treas. Phil Angelides and Lt. Gov. Cruz Bustamante - to clear the field. If it were a DiFi vs. Issa match, there's little doubt who would win - DiFi by at least 30 points. Stay tuned...

NO SURPRISE AS FPPC IS PROBING GOP's \$950,000 IN CONTRIBUTIONS TO 6 LEGISLATIVE CANDIDATES.

Editor's note: This is a follow-up to the Mar. 6th story by Virginia Ellis & Dan Morain of the L.A. Times about a huge campaign contribution from 21st Century Insurance Group to the Calif. Republican Party and to 15 GOP county central committees. There's nothing illegal about the 21st Century contribution. But once the \$950,000 got to the CRP and the 15 GOP county committees, did someone tell them how to spend the money and did the county committees exceed the spending limit? That is what the FPPC is investigating. Here's our update & analysis...

...No reason to totally rehash the Ellis/Morain story from Mar. 6th, but for those who never read their excellent story, 21st Century waited until Oct. 21, 2002 to make their contribution. Had they made the contribution on Oct. 20th, the Woodland Hills insurance company would have had to file an immediate report - and the Demos would have been tipped off. By waiting the extra day, they were not required to file until Jan. 31st of this year. In other words, they used a Prop. 34 (campaign reform law) loophole...

...Of the \$950,000, the CA Republican Party(CRP) got \$200,000. The Kern Co. GOP Central Cmt. \$150,000; San Diego GOP Central Cmt. \$100,000. The GOP central

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committees in San Joaquin, Monterey, Orange, San Bernardino and Ventura got \$50,000 each. Sacramento Co. got \$45,000. Butte and Merced GOP Central Cmts. got \$40,000 each. And Fresno, Placer, Imperial, Riverside and Yuba counties got \$25,000 each...

...The GOP candidates who got the money were all elected this past November. Included were State Sen. Jeff Denham and Assemblymembers Guy Houston, Shirley Horton, Bonnie Garcia, Greg Aghazarian and Alan Nakanishi. One has to wonder why the Kern Co. GOP Central Cmt. would give Shirley Horton of San Diego \$38,000 and only \$1,000 to local GOP candidate Dean Gardner (who lost to Kern Co. Demo Nicole Parra by only 266 votes)??? There are other examples like this...

...Once the story broke, Demos began to scream. Demo Sec. of State Kevin Shelley is the guy who requested that the FPPC probe the incident. "Request" is probably the wrong word. Demanded, according to our sources. The CA Republican Party's response: Demos are blowing lots of hot air...

...The Sacto law office of Bell, McAndrews, Hiltachk & Davidian is handling the case for the CRP and the small county central committees. Sources say the FPPC is currently taking depositions from about 40 GOP witnesses...

...What the FPPC is looking for is evidence that someone told the various county central committees how to spend the contributions – earmarking. That's not legal under Prop. 34 unless certain requirements (Sec. 84302) are met. To find out if the GOP had broken any laws, sources tell Calpeek the Merced Co. Demo Central Cmt. wrote a letter to the FPPC asking if they could do the same thing the GOP did. Sources say the Merced Co. Demo Central Cmt. got a reply from the FPPC saying no to most of the questions. Interesting, but it still doesn't prove wrongdoing...

...FYI: Calpeek sources say if the FPPC doesn't take action at the end of its 120-day review/probe, a group of private attorneys may take civil action against the GOP. Stay tuned...

CALPEEK ON VACATION MEMORIAL DAY WEEK

Just a quick note to let Calpeek readers know we will not have a newsletter the week of June 2nd as we will be on a working vacation the week of May 26th – Memorial Day week...

CAMPAIGN 2003: FINAL WRAP ON 10TH AND 12TH COUNCIL DISTRICT CONTESTS IN LOS ANGELES.

Editor's note: The battle for two remaining L.A. City Council seats comes to an end May 20th with the runoff election in the 10th and 12th districts. Here's our commentary and analysis...

◆ **12th District** – This is the northern San Fernando Valley district of Hal Bernson, who is *termed out* after 24 years in office. He's backing his longtime COS, Greig Smith. Smith's opponent is LAUSD Board member Julie Korenstein, who has been on the board longer than any member in history – 16 years. Smith is outspending Korenstein 4-to-1 and has finally been endorsed by former GOP Assemblywoman Paula Boland. Most of Boland's supporters climbed aboard Smith's campaign after the Mar. 4th primary, but Boland had been holding out. Her endorsement is a big boost for Smith. And even though the L.A. Co. Federation of Labor has endorsed Korenstein, fact is the County Fed is not really helping Korenstein because everything they've got is being pumped into Martin Ludlow's 10th CD campaign. As for the teachers, UTLA isn't giving much aid & comfort to Korenstein either. One does not have to be a rocket scientist to figure that one out. If Korenstein stays on the LAUSD board, UTLA will have a 4-3 lock on key votes. If Korenstein isn't on the board, UTLA will have to recruit a new candidate and then spend upwards of \$600,000 to get that person elected. Bottom-line: the 12th CD contest is Smith's to win or lose...

◆ **10th District** – This is the council district now held by *termed out* Nate Holden. Like Bernson, he's trying to hand off his seat to his longtime aide, Deron Williams, who finished first in the primary with 39%. Williams' rival is former legislative staffer/labor PD Martin Ludlow. Ludlow is *all sizzle/no streak*, while Williams is *all steak/no sizzle*. Pot hole fixer(Williams) vs. the big picture(Ludlow). Organized labor is pulling out all the stops for Ludlow. Demo consultant Richie Ross is running the effort for labor. In money it's about even, but Ludlow will have an edge in independent expenditures. Lots of negatives about Williams in the L.A. Times – the bust for cocaine possession 15 years ago. His answers to questions about his bust left much to be desired. Or as one source said, "It's never the crime, but the cover-up." But Ludlow has his flaws too: bankruptcy, late child support payment, 5 different addresses in 36 months. Negatives for sure and as a Calpeek source said, "It tarnishes Ludlow's holier-than-thou image." But will this hurt Ludlow? Don't know. This whole campaign will come down to turnout: a big turnout helps Ludlow. GOTV guru Susan Burnside

is handling this part of Ludlow's campaign. Bottomline: still a very close contest, but perhaps a slight edge for Ludlow. However, it's never a safe bet to go against Holden. Stay tuned...

CAMPAIGN 2003: CARE NOT CASH MEASURE IS BACK ON THE FRONT BURNER AGAIN IN SAN FRANCISCO.

Editor's note: It never fails. On the day *Calpeek* went to press, S.F. Sup. Court Judge Ronald Quidachay declared that S.F. Co. Sup. Gavin Newsom's *Care Not Cash* initiative to be invalid, thus putting the whole issue of S.F.'s huge *homeless* problem right back on the front burner. Here's our analysis & commentary...

...The ruling was handed down May 8th and said that only the Board of Supes, not the voters, can decide how much government aid can be given to the poor and homeless. Last November S.F. voters approved Prop. N by a 60% margin. Instead of giving out cash (\$395), Prop. N requires the city give vouchers for housing, food, etc. + about \$60 in cash. The homeless, in many cases, were using the cash to buy drugs and alcohol. And in case you've forgotten, homelessness has been the #1 issue in S.F. politics for years and for whatever reasons, S.F. City Hall has never figured out how to deal with its 10,000 homeless population...

...Newsom put the *Care Not Cash* initiative on the ballot only after his board colleagues failed to act, his campaign told *Calpeek*. S.F. City Atty. Dennis Herrera on May 9th said he would appeal Judge Quidachay's ruling and Newsom's campaign team seem confident that the decision will be *overturned on appeal*...

...Sources can't figure out where Judge Quidachay is going with this ruling, because even though ballot box budgeting does not always make for good public policy, there's nothing illegal or unconstitutional about it – in the view of several *Calpeek* sources. Examples: Prop. 13 (property taxes and 2/3rds vote) and Prop. 98 (educational funding). Ditto all the tobacco tax initiatives – prime examples of ballot box budgeting...

...Politically, Judge Quidachay's ruling gives Newsome exactly what he wanted. As a Newsom campaign source said, "The ruling refocuses on the issue. Newsom is fighting for reform vs. the Supervisors who oppose reform." The smart thing for Sup. Tom Ammiano and his board allies would be to make some minor adjustments to Prop. N, with Newsom's OK, and then pass it – to get it out of the way, otherwise Newsom will ride this issue all the way into mayor's office at city hall. Stay tuned...

CALPEEK'S NEW DIRECTORY SELLING AD SPACE

Just a very brief update on *Calpeek's Directory of Campaign Consultants*. Consultants, pollsters, fundraisers and other political pros need to return your questionnaires ASAP. We will be sending out a 2nd notice, but if you haven't sent one in please do so immediately. Are there any *Calpeek* readers who are political consultants, etc., who didn't get a questionnaire?? If so, call Dick Rosengarten (310)659-0205. FYI: ad space sales are moving along at a brisk pace. All three covers have now been sold, so it looks like our 25th *Anniversary edition* Directory will be a big success...

CORONA KILLS ATTEMPT TO FORM A MUNI UTILITY.

Editor's note: The City of Corona in Riverside Co. has had second thoughts and will **not** attempt to buy out Southern Calif. Edison's power plant and power lines – and thus form a municipal utility via eminent domain. Here's our brief update & analysis...

...*Calpeek* first reported on this story on April 14th when both sides were battling in court. The buy-out of SCE by the City of Corona was a *closely guarded council secret* for almost a full year - until the day before the new city council was sworn into office (Dec. 2, 2002). There was a huge shock when the takeover became public...

...Once everything was in the open, angry citizens formed Corona Residents for Responsible Utility Service, with major funding from SCE. At its peak, there were 4,500 people in this grassroots organization. And they were prepared to go to the ballot box – had the council not folded. The official reason for the council's decision to back away from the SCE takeover was an uncertain budget situation, combined with SCE's recent announcement of lower rates. Sources allied with SCE say it was citizen outrage, not the money, which caused the council to pull the plug...

...SCE had put together an all-star team of consultants. Lead/media consultant was Winner & Mandabach Campaigns; Winner & Associates; National Petition Management (for two petition drives); Waters & Faubel on outreach and grassroots organization; Reed & Davidson (formation of committees/campaign reports); Mayer, Brown, Rowe & Maw (all the other legal work); Lydia Camarillo and Ray Verches on Latino outreach...

...FYI: Both sides are now working on settling lawsuits, but politically Corona Mayor Jeff Bennett could be in deep trouble come November 2004. There's still lots of anger from the citizens' committee and thus the big "R" word (recall) still lingers. Stay tuned...

CALPEEK'S INFOBAHN: POLITICAL SHORT TAKES.

Editor's note: Here are a few items, political & otherwise, worth noting...

■ **Financial Privacy** – The Assembly Banking & Finance Cmt. postponed its May 12th hearing on SB 1 until Monday, May 19th. SB 1 by Demo State Senators John Burton and Jackie Speier would require financial and insurance companies to get consumers "informed consent" before sharing or selling personal information. If SB 1 dies in committee (which has happened to previous financial privacy bills), *Californians for Privacy Now* is on the street with a much tougher-worded financial privacy initiative. In the event they qualify this initiative, the NO side (*Financial Services Privacy Coalition*) has already hired Goddard-Claussen/Porter Novelli (Sacto) to manage the campaign, with APCO in Sacto handling free media and grassroots coalition building...

■ **New Presidential Poll in Calif.** – This one is by Wirthlin Worldwide (taken in early May, 602 statewide voters). It shows Pres. George W. Bush(R) with 43%; 31% for an unnamed Demo candidate; 13% depends on who the Demo is; 6% other candidate; 7% don't know or refused...

■ **Bashing the GOP Budget Plan** – You'd expect that from CA Legislative Demos, but *Calpeek* sources say 5 GOP Assemblymembers (Runner, Cogdill, La Suer, Garcia and Maddox) have publicly bashed the GOP Assembly budget plan which *Calpeek* reported on last week. Among the proposed cuts were some key law enforcement programs – Rural Sheriffs program; COPS/Juvenile Justice funding; and the booking fee reimbursement program. No shock that Assemblyman Ken Maddox of Orange Co. would do some bashing. The key author of the GOP Assembly Budget Plan is Assemblyman John Campbell – Maddox's chief rival in the GOP primary for the 35th SD...

■ **How Bad is Unemployment in Calif.?** – The statewide unemployment rate is 6.7% - holding steady from April. Here are the unemployment numbers *Calpeek* has cherry picked from various newspapers: L.A. Co. 6.5%; Orange Co. 3.8%; Riverside Co. 5.7%; San Bernardino Co. 5.6%; Ventura Co. 4.8%; SLO 3.3%; San Diego Co. 4.2%; Imperial Co. 18.1%; City of Oakland 10.4%; City/County of S.F. 6.8%; City of San Jose 9.7%. FYI: Santa Clara Co. (home of the Silicon Valley) has lost 193,300 jobs since December of 2000 – unemployment is running at 8.3%. Stay tuned...

CALPEEK'S CALENDAR OF POLITICAL EVENTS

May 20	L.A. muni runoff election.
June 1-2	CA Mobilehome Parkowners Alliance symposium, Las Vegas, NV.
June 5-10	71 st annual U.S. Conf. of Mayors, Denver, CO
July 23-26	Nat'l Conf. of State Legislatures annual meeting, S.F.
July 29-Aug. 1	Council of State Govts-West annual meeting, Honolulu, HI. (916)553-4423 for info.
Nov. 4	S.F. Muni Election + other cities

CALPEEK's NEW JOBS AND PERSONNEL NOTICES.

Editor's note: Here are some items to mark down in your notebook...

● A sad note: former conservative Congressman John Russelot(R) has died of congestive heart failure at 75. He was elected to the U.S. House in 1960, but did not win reelection. He ran for the U.S. House again in 1970 (from the San Gabriel Valley) and won. In 1982 he was remapped out of his seat. R.I.P...

● Direct mail guru Jim Crounse has joined Bay Area-based Winning Directions. Crounse will work out of W-D's Washington DC office with Kevin Mack. (202) 479-1060...

● Gov. Davis has reappointed Susan Grivas and Carmen O. Perez to the CA State World Trade Commission. Davis also appointed William Barkett to that commission...

● The Long Beach Council has named acting City Mgr. Gerald R. Miller as the full-time City Mgr...

● The Sacto lobbying firm of Aaron Read & Assoc. has hired Nolice Edwards as a governmental advocate. She was previously with Kahl/Pownall Associates...

CALPEEK'S MARKETPLACE NETWORK

● **TNC seeks a Sr. Program Manager** to support conservation goals by representing its interests in the South Coast at a senior level to federal, state, county and local municipal agencies, officials and private groups. For a complete description visit: www.nature.org/careers...

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